

Message Text

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44

ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 AID-05

CIAE-00 COME-00 EB-07 FRB-01 INR-07 NSAE-00 TRSE-00

XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01

NSC-05 SS-15 STR-04 CEA-01 L-03 H-02 PA-02 PRS-01

ABF-01 FSE-00 PC-05 AGR-10 /100 W
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O 292048Z AUG 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 2502

UNCLAS BUENOS AIRES 5852

PASS TREASURY, COMMERCE

E.O. 11652: N/A

TAGS: EFIN, AR

SUBJECT: ARGENTINA DEVALUES AGAIN

REF: A) BUENOS AIRES 5387; B) BUENOS AIRES 4270; C) BUENOS
AIRES 3822; D) BUENOS AIRES 1490; E) BUENOS AIRES
5731; F) BUENOS AIRES 5669

1. AS MENTIONED REF E, ON AUGUST 25 GOA DEVALUED PESO FOR
FIFTH TIME THIS YEAR. COMMERCIAL RATE MOVED FROM 33.50 TO
34.45 PESOS PER DOLLAR; FINANCIAL RATE PASSES FROM 42.50 TO
44.20 PESOS PER DOLLAR, AND NEW SPECIAL FINANCIAL RATE
ESTABLISHED AT 63.00 PESOS PER DOLLAR TO INCLUDE TOURISM
AND ANY OTHER CAPITAL AND CURRENT ACCOUNT ITEMS SUCH AS
ROYALTIES, REMITTANCES, ETC.

2. IN BROAD OUTLINE, ESSENTIAL IMPORTS AND TRADITIONAL
EXPORTS ARE NOW TRADED AT COMMERCIAL RATE, NON-ESSENTIAL
IMPORTS, PROMOTED EXPORTS AND LOANS AND INTEREST RECEIVE
NORMAL FINANCIAL RATE WHILE ARGENTINE TRAVEL AND TOURIST
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EXPENDITURES, ALONG WITH OTHER CAPITAL MOVEMENTS AND OTHER

INFLOWS AND OUTFLOWS OF FUNDS ARE TRADED AT THE SPECIAL FINANCIAL RATE.

3. CHANGES IN EXCHANGE RATE OCCURRING DURING 1975 ARE PRESENTED IN FOLLOWING TABLE:

DATE	COMMERCIAL	FINANCIAL	TOURISM 1
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JULY 1972 TO			
MARCH 1975	5.00	9.98	9.98
MARCH 3	10.00	15.05	15.05 2/
JUNE 5	26.00	30.00	41.00 2/
JULY 16	28.08	35.40	50.00
AUGUST 11	33.50	42.50	60.00
AUGUST 25	34.45	44.20	63.00

1/ FOR TRAVELLING EXPENSES A 4.00 PESOS PER DOLLAR SPECIAL TAX IS IN FORCE SINCE JANUARY 1975.

2/ ON APRIL 14 TOURISM RATE WAS SEPARATED FROM THE FINANCIAL RATE AND SET AT 21.00 PESOS PER DOLLAR.

4. COMMENT: DEVALUATION OF COMMERCIAL RATE AND FINANCIAL RATE QUITE SMALL. HOWEVER, DEVALUATION FOR WIDE RANGE OF TRANSACTIONS THAT PASS FROM OLD FINANCIAL RATE OF 42.50 TO NEW "SPECIAL FINANCIAL RATE" OF 63.00 PESOS IS QUITE SUBSTANTIAL. FREQUENCY OF RECENT DEVALUATIONS APPEARS INDICATE GOA NOW FOLLOWING CRAWLING PEG TYPE OF EXCHANGE RATE AND FURTHER DEVALUATIONS MAY BE EXPECTED.
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